



Wisconsin Medical Society

Your Doctor. Your Health.

DATE: July 24, 2002
TO: Governor Scott McCallum
FROM: Bruce Neal, M.D.
President Brown County Medical Society
RE: Best Practices in Wisconsin: Governor's Listening Session July 24, 2002

On behalf of over 9,000 Wisconsin physicians, thank you for this opportunity to provide testimony on behalf of the Wisconsin Medical Society. In accordance with your request that testimony focus on "best practices," we offer proactive suggestions to address Wisconsin's high health care costs. While our list of suggestions could be vast, we have chosen to focus on a few examples of large systemic, and cultural issues. Many system changes and collaboration with interested parties is necessary to ensure that our state's health care costs are decreased. We urge you to recognize that there are no immediate "fixes": large cost savings will be realized with collaborative policy changes.

Inadequate Medicaid and Medicare Reimbursement

Wisconsin physicians are among the lowest in the nation in Medical Assistance reimbursement. Low reimbursement means that physician cost shifting occurs. This causes increased costs for physicians, insurers and patients. The cost to provide physician services, excluding the physician's salary and benefits, is currently an average of 61% of the amount billed. Medicaid's current average reimbursement for physician services is 32%, of the amount billed. This is roughly half of what it costs to provide these services. Clinics currently average a net **loss** per Medicaid patient visit of \$0.31 – \$0.64 per \$1 billed. Many physicians and clinics serving a disproportionately high number low-income and disabled patients are forced to "cost shift", or charge their other patients higher amounts, to stay in business. In light of the recent Medicare reimbursement cut which will cost Wisconsin physicians nearly \$40 million this year in lost reimbursement, an additional cut to medical assistance will cause many to decide that it is impractical to continue to serve medical assistance patients.

When a Wisconsin clinic is not fully reimbursed for the costs of services provided, the clinic has few options to "cover" the unreimbursed costs. The clinic can either absorb these costs and thereby undermine its ability to continue to provide health care services or, alternatively, the clinic can shift the burden of these costs to patients who are able to pay. Neither option is attractive. The first option can lead to decreased access to health care, the second option adds to rising health care costs.

Recognizing the need to make smarter use of state dollars already budgeted to the Medical Assistance program, the Wisconsin Medical Society is working proactively with the Department of Health and Family Services to improve efficiency and save money for both physicians and Wisconsin taxpayers. During the last six months, the Society organized a Medicaid Task Force including both physician and DH&FS leaders, chaired by Doctor Susan Turney of the Marshfield Clinic. Physician members of this task force are from

around the state. The task force has already improved DH&FS policy, saving taxpayer and physician costs and in effect, decreasing health care costs. Examples of policy being developed by the group include:

1. More efficient physician signature policy;
2. Improved medical coding that meets state and federal requirements while simplifying physician administrative cost;
3. Fair billing codes, including surgical global periods, global obstetrical fees and CPT modifiers;
4. Improved procedures to ensure appropriate insurance eligibility information for physicians and DH&FS and elimination of duplicative billing and monitoring Medicaid identification duplication;
5. Eliminating unnecessary form requirements that save DHFS and physician time and money;
6. Improved critical care audit requirements; and
7. Collaboration on several policies, including prior authorization, EKG service, fee schedule implementation.

Preventive Health Care

Many chronic health problems can be prevented. National studies show that preventive health care improves patient health and prevents future disease. Chronic condition incidence and prevalence has skyrocketed in recent years due to an increasingly unhealthy and aging population. At the same time, we live in a climate of cutting edge research and technology, which enables physicians to better diagnose and treat chronic conditions at higher rates than ever. Preventive medicine also promotes health care dollar savings.

Examples of health conditions that could be prevented if treated early include:

- Flu and pneumonia immunization
- Breast Cancer Screening
- Colon Cancer Screening
- Tobacco Prevention
- Equal Mental Health Care Coverage

We urge you to support preventive health care policy in Wisconsin.

Regulatory Compliance that Does Not Benefit Patients

As today's health care environment changes, state and federal regulations to monitor these changes increase. While some compliance requirements improve patient health and safety, others conflict with each other, decrease efficiency, and most importantly, do not promote the best interest of the patient. Physicians spend a significant portion of each day maintaining compliance with laws and rules, rather than providing direct patient care. The cost of compliance is a large health care cost that does not yield across the board improvement.

Examples of current compliance requirements that physicians must follow include:

- Medicare and Medicaid Laws
- HIPAA Compliance
- POVD Compliance
- JCHAO Compliance
- Information System Changes to Meet New Rules and Regulations

Please carefully consider what types of regulations are necessary to truly promote the public health, and eliminate those which are inefficient.

Thank you for this opportunity to provide you with our recommendations. We look forward to continued collaboration to ensure that the health of Wisconsin is protected while containing health care costs. Please contact Alice O'Connor (aliceo@wismed.org) or Liz Schumacher (lizs@wismed.org) if you would like further information.